



Holders of Gas Supply, Electricity Supply and/or Electricity Generation Licences, consumers and their representatives, and interested parties

*Promoting choice and value for all gas and electricity customers*

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Date: 4 February 2010

Dear Colleagues

**NOTICE OF MODIFICATION OF THE STANDARD CONDITIONS OF**

- **THE ELECTRICITY SUPPLY LICENCE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989,**
- **THE GAS SUPPLY LICENCE UNDER SECTION 23 OF THE GAS ACT 1986, AND**
- **THE ELECTRICITY GENERATION LICENCE UNDER SECTION 11A OF THE ELECTRICITY ACT 1989**

**Background**

On 7 August, the Gas and Electricity Markets Authority ('the Authority') issued a consultation on a package of licence modifications to promote competition and protect consumers in the retail energy supply market. These measures had been developed in the course of the Energy Supply Probe, a study of the state of the retail energy supply markets in Great Britain. The deadline for statutory objections and representations on these modifications was 15 September 2009.

On 19 October, the Authority published its direction on the implementation of these modifications. In response to representations received and to a number of qualified objections surrounding the proposed dates of implementation, the Authority decided to postpone the date of implementation by up to three weeks for standard conditions 1, 7A, 14, 19, 23 and 25 of the gas and electricity supply licences and standard condition 16B of the electricity generation licence and by three months for standard condition 31A of the gas and electricity supply licences.

**Consultation**

As a result of further consideration by Ofgem, which has taken into account representations received from suppliers and other stakeholders after the statutory consultation, we have decided to propose some minor amendments to standard conditions:

- 1, 19A, 23, 25 & 31A of the electricity supply licence;
- 1, 14, 19A, 23, 25 & 31A of the gas supply licence, and
- 1.1 & 16B of the electricity generation licence.

For the avoidance of doubt, the proposed modifications do not change the substantive provisions of the standard conditions. They are principally intended to improve the overall clarity of the licence conditions and, in some cases, to ensure consistency with the drafting of other licence conditions. Both a summary and the full details of the proposed amendments are contained within the formal notices attached to this letter.

## **Next Steps**

Relevant licensees and interested parties are asked to review the proposed amendments and lodge representations or objections on or before 18 March 2010.<sup>1</sup> Responses to this consultation will be placed on the Ofgem website unless they are marked as confidential.

Please contact Stefan Bojanowski (0207 901 7068: [energysupplymarketsp@ofgem.gov.uk](mailto:energysupplymarketsp@ofgem.gov.uk)) should you have any queries.

Yours sincerely

**Andrew Wright**  
**Senior Partner, Markets**  
**Ofgem**

**04/02/2010**

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<sup>1</sup> Relevant licensees are able to lodge objections against any proposed licence modification. The level of objections will be measured against a blocking-minority threshold of 20 per cent that was prescribed by the Secretary of State in an Order dated 15 July 2003. The Order states that:

- if the number of relevant licence holders that object to a collective licence modification proposal is equal to or greater than 20 per cent of the total number of relevant licence holders, or
  - if the market share of objectors is equal to or exceeds 20 per cent,
- the proposed modification may not be made (except via the Competition Commission).